



U.S. Department of Justice

**Stephen J. Murphy
United States Attorney
Eastern District of Michigan**

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

November 15, 2005

EVENT: Indictment

Defendant: Alonzo Bates et al

**DETROIT CITY COUNCILMAN INDICTED FOR THEFT,
FRAUD AND FAILURE TO FILE TAX RETURNS**

Detroit City Councilman Alonzo Bates, 65, of Detroit, was indicted today by a federal grand jury and charged with four counts of mail fraud, four counts of theft from the City of Detroit, one count of bank fraud and four counts of failing to file federal tax returns, United States Attorney Stephen J. Murphy announced today. A second defendant, Verenda Arnold 46, of Detroit, was charged with one count of theft from the City of Detroit.

Murphy was joined in the announcement by Daniel D. Roberts, Special Agent In Charge of the Detroit Field Office of the Federal Bureau of Investigation and Maurice Aouate, Special Agent In Charge of the Detroit Field Office of the Internal Revenue Service, Criminal Investigations Division.

The theft and fraud charges stem from Councilman Bates' placing ghost employees on the City's payroll between 2002 and 2004. The alleged ghost employees include the daughter of defendant's girlfriend, the defendant's brother-in-law, and Arnold, the mother of one of defendant's children. It is also alleged that defendant placed an individual on the City's payroll

who cut defendant's lawn and did odd jobs at defendant's home and rental property. The theft involved over \$91,000 in unearned wages.

The tax charges are based on defendant's failure to file federal tax returns for tax years 2001 through 2004, as he was required to do under federal law.

"These charges underscore the seriousness with which my office, the FBI and the IRS view allegations of corruption by public officials as well as our strong commitment to investigating and prosecuting these types of cases", stated U.S. Attorney Murphy. "The U.S. Attorney's Office is committed to the principle that no one is above the law and we will work aggressively to hold public officials to the high standards of the law."

"Public corruption continues to remain a problem and the FBI is committed to aggressively investigating these cases", said FBI Special Agent in Charge Roberts. "As reflected by the indictment today, the FBI will investigate public officials who abuse their elected office for personal gain and this will continue to remain one of the highest priorities of the FBI."

Maurice Aouate, Special Agent in Charge, Internal Revenue Service Criminal Investigation said, "Public officials must comply with the same tax obligations as the citizens they were elected to serve. No one is above the law."

Each mail fraud charge carries a maximum penalty of 20 years in prison and a fine of \$250,000, each theft conviction a penalty of 10 years and fine of \$250,000, each bank fraud conviction a penalty of 30 years and \$1,000,000, and each tax charge a penalty of one year and \$100,000.

The investigation leading up to the indictment was conducted by the Federal Bureau of Investigation, the Internal Revenue Service, Criminal Investigations Division and the Detroit Police Department. The case is being prosecuted by Assistant U.S. Attorney R. Michael Bullotta.